July 21, 2009

Via Email

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RE: Docket 7523

I was unable to attend any of the meetings because I was out of town. However, I would like to make comment on the agenda discussed and the process moving forward.
After reviewing comments, follow up comments and presentations it is apparent that most issues have been addressed and committees are working on them. Thank you for the efforts that are being put into developing this program.
The main sentiment that I would like to echo is ensuring fair allotment of the 50MW cap. I will agree that rate scales will encourage certain development, and also agree that the price per watt of energy drops when projects take on a larger scale. However, the bill was sold in the legislature not only as an energy bill, but as a labor bill intended to stimulate growth of the green economy here in VT.
I will attest to the fact that there is a large group of both Vermont homeowners and business owners that really want to invest in renewable energy. This program will make that investment a reality. That is exactly why bigger developers are looking to Vermont because this program will make the financial return on renewable energy investment the best it has ever been and the safest it has every been. I encourage the development of large-scale renewable projects in appropriate locations. However, I think a certain percentage of the offering should be reserved for residential and small-scale renewable energy projects. This will allow Vermonters to invest their own money into something they feel strongly about. It will then employ local Vermonters to install systems, train a local workforce, and encourage development and manufacture of local renewable energy components. I am calling for Vermonters to be offered the same chance at renewable energy investment that large-scale developers are.
To put the issue into perspective lets look at some numbers. If there are 5,000 good solar sites on existing Vermont Homes, Farms and Businesses, hypothetically speaking, and each site averages a 5 kW solar electric system, this would amount to 25 MW of solar installation. It would probably take existing solar companies, without further installation sector growth, 10 years to install. To put it into another perspective, if there were 30 solar crews installing one system per month then 360 systems would be installed every year. This is a fairly conservative estimate. If the average system size is 10 kW, then 3.6 MW of solar will be installed every year. Thus, it would take under 7 years to install 25

MW of solar electric on Vermont residences, farms, schools, churches, town halls and businesses. These numbers are intended to show that the offer of 50 MW is not as large as some may think. They also show that without much growth in the installation sector, 25MW would keep the industry active for another 5-10 years. I have been installing solar fulltime for the last 6 years in Vermont and I hope to continue.

Again, this does not rule out the role of large-scale renewable projects. They are equally important to the energy portfolio of Vermont. However, the economics are different and encourage development in a different manner. How many jobs will be created and sustained from the installation of a few large facilities? How much more money will have to be invested to extend and upgrade existing grid infrastructure to large projects? Will these costs be passed on to Vermont rate-payers?

The benefits of distributed generation are part of the reason that Utilities were attracted to solar in the first place. Summer Peak load shaving from the installation of solar systems on thousands of existing homes and businesses will have great benefit.

This program is a real opportunity for Vermont. Who will benefit? Will is be local rate-payers and businesses or developers and energy corporations. The same legislature that passed this bill has often criticized our Governor for a lack of vision. Now we have the opportunity to fulfill that vision and need to make sure not to hand away this opportunity to other interests. The economics of purchasing a solar system are much better with this program than anything currently available. In fact, even with Vermont Small Scale Renewable Energy Grants, a 30% tax credit, and net metering; the payback time of a system is 10 years longer than a purchase agreement of 30 cents per kWh.

Having the payback time of the system fall within the warranty of the equipment and a predetermined value of the energy produced by the system will allow for progressive green loans. Ultimately it is the upfront cost of installation that prevents many Vermonters form installing solar. I have already spoken to lending institutions that will be much more confident in lending the upfront costs of the system if it can pay for itself in under 15 years. This program has the opportunity to stabilize the solar market and make it much easier to get new loans, leases and equity loans. I have witnessed what happens to the market if the programs provided are not stable and sustained. This should not be a race this fall to get a handful of projects into the program. This would hurt the industry not help it. This will encourage people to wait for the next block of energy to be passed rather than investing in the next year or two. The small-scale block needs to be substantial and able to sustain the market for 5 years. If not it will only hurt the market and prevent growth of any energy installation businesses.

After reviewing everything presented I see that there are a lot of approaches to implementing this program. It seems that there is a different set of issues for larger projects that involve utility service upgrade. I don't see why we can't run the program as part of the application for a Certificate of Public Good. We are already providing client information, system information and location of the meter. The utilities will be notified of a new system being connected and will be provided with all necessary information and location of the production meter. Administration of the project does not need to get overcomplicated and can be funded by money coming through the CEDF and Federal Funds.

Also, I think that the value of the RECs should be included in the value of the kWh rate offered by the utilities. From experience I can say that green energy brokers do not want

to deal with lots of small little systems. However, if a Vermont utility were to approach a green energy broker with a MW of residential RECs then that would be a different story. For that reason the RECs of the small scale block should go to the utilities and be included in the Offer price.
What is a fair amount of allotment for small to medium scale projects? I realize that 25 MW is not going to happen. However, I do think that reserving 10 MW of the offer for projects 50kW and smaller is in the best interest of the people of Vermont. Ultimately, this is the role of the Public Service Board to protect the Vermont Public. Reserving at least 10MW is best for the longevity of the local green economy and protects the people of Vermont from having their resources and energy costs controlled by out of state interests.
I hope that the Public Service Board and the committees addressing individual aspects of this bill will keep these sentiments in mind. This is a real opportunity for the rate-payers of Vermont to invest in their own renewable energy infrastructure

Thanks for your time,

Doug Wells

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